

# **CORPORATE PARTNERSHIP PROGRAM INFORMATIONAL UPDATE**

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## **INTRODUCTION AND OVERVIEW**

The City is continuously exploring innovative ways to benefit taxpayers and strengthen our General Fund. In 1999, the City Council unanimously approved a strategic marketing plan for corporate partnerships with the City of San Diego. Since that time, the City has generated over \$20 million from partnerships with corporations through this program. The Corporate Partnership Program (CPP) is widely recognized as one of the most successful municipal marketing programs in the country. The CPP generates unrestricted revenue by leveraging the City's assets and utilizes a wide variety of marketing strategies to generate revenue to support municipal services, programs, projects and facilities, resulting in enhanced cost recovery and improved services.

The CPP's goal is to generate unrestricted revenue by leveraging the City's assets through the following objectives:

- To establish and guide relationships with existing and potential business partners who share the City's commitment to provide the highest quality civic environment in the City of San Diego
- To generate revenue to fund existing and additional facilities, projects, programs, and activities
- To minimize the perception that the City has become "corporatized" by limiting the number of corporate partners while maximizing the cumulative revenue from the partners

## **MARKETING ENVIRONMENT**

Economic factors and the resulting impact on corporate decision making on sponsorship dollars have affected sponsorship revenue amounts. The result has been a shift in strategy towards more revenue sharing, in-kind and value-added arrangements so businesses have a more favorable Return on Investment (ROI) on the sponsorship spend. In addition, the program offers a valuable benefit in offering marketing opportunities to employees but we are competing with benefits the private sector can offer in the consumer marketing arena as well as in products/services related agreements. For example, the private sector often leverages procurement in order to secure marketing arrangements.

In the past, the CPP negotiated marketing partnerships parallel to the procurement process with companies that expressed interest in the program. However, in order to ensure that there is no confusion in the contracting process and partnership development, the process is being reviewed by City Attorney Office which may result in changes to the CPP program.

In the past, the CPP has focused on fewer, more lucrative partnerships. However, based on the current economic situation, private sector competition and how companies are allocating their marketing spend, the CPP is exploring additional ways to be more competitive and attractive to potential partners within available assets and resources.

## **MUNICIPALITIES RESEARCH**

The City of San Diego has been a leader in sustaining ongoing revenue through the development of marketing partnerships. The City's success has been due, in large part, to its business-like approach of having a strategic plan that is updated periodically to reflect current market conditions and opportunities; a set of policies and procedures approved by the City Council that guide the development of marketing partnerships and a commitment to the program by successive City Managers, Mayors and City Council members, staff and consultant. The City plans to continue its leadership role by effectively soliciting, negotiating and securing partnerships that provide benefits to the private sector and generate much needed revenue, in-kind or other, for the City.

Marketing partnerships are a valuable and integral component of a business's strategic objectives. During difficult economic times, branding only opportunities often take a backseat to ROI based decisions unless a program has public relation value. For example, a branding opportunity could involve logo exposure but not direct marketing of a product or service while ROI based programs involve direct sales of a product or service. Current research has shown that organizations are facing lower financial commitments from sponsors due to lower ROI or lack of available marketing opportunities.

## **OTHER PUBLIC SECTOR - RESEARCH HIGHLIGHTS**

County of Los Angeles:

- Beverage Vending partnership for guaranteed commissions expected to total over \$260,000 paid out over 3 years along with a revenue share on advertising on vending machine sides
- Vehicle partnership for 45 vehicles for lifeguards
- Apparel partnership for lifeguard uniforms
- Advertising partnership on beach trash cans which provides a revenue share of approximately \$150,000 annually and focuses mainly on movie releases

City of Costa Mesa:

- Skate Park naming partnership with clothing apparel company for \$300,000 paid out over 10 years including advertising and logo ID opportunities

#### City of Anaheim:

- Media Partnership: City in conjunction with the Chamber of Commerce, signed an agreement with Cable company for an annual fee of \$20,000 which allows company to market products/services to relevant businesses up to twice a year

#### City of Huntington Beach

- Beverage Vending is an upcoming category that will be solicited
- Apparel: Unsolicited partnership retail store which shows beach video footage via webcam for \$300,000 paid out over 5 years
- Apparel partnership for lifeguard uniforms
- Vehicle partnership (2 year agreement renewed)

#### City of Phoenix:

- Modeled after San Diego, is launching their program after an initial study commissioned with San Diego's current consultant in 2010
- Prescription drug program via their health services department projected to bring in \$100,000 annually

#### City of Denver:

- Beverage Vending partnership \$100,000 paid out over 5 years plus commissions
- Wireless partnership \$100,000 fee paid out over 5 years

#### City of Arlington:

- Beverage Vending partnership for \$773,000 paid out over 12 years (based on projected commissions)

#### City of Colorado Springs:

- Beverage and Snack Vending agreement over 10 years for \$500,000 guaranteed commissions and sponsorship fee. In addition, the contract was amended to include a sponsorship towards the City's annual Fireworks display for approximately \$72,000 paid out over 4 years.

## **CREATING A NATIONAL NETWORK**

In researching marketing partnership programs with other municipalities, there did not appear to be a coordinated network among municipalities. The CPP is going to work with Arlington, TX and Phoenix, AZ to jointly develop a municipality sponsorship network to share new contracts, new deals, policy changes, revenue generating activities, etc. Our goal is to provide current marketing partnership related information to be easily accessible to the network. This will benefit the City by having timely access to partnership marketing information on other municipalities. For example, if we are exploring a wireless contract, we can review the database to see who has current wireless contracts to enhance research on fees and benefits.

## **UPDATING MARKETING ASSETS**

The CPP will build on past successes in the traditional sponsorship opportunities and plans to expand current tactics to take into account the business shift in sponsorship spend in order to generate more revenue for the City.

The CPP is updating the current list of Marketing Rights and Benefits traditionally offered to partners. The goal is to create additional benefits within current City policies and procedures that will add marketing value and assist companies in justifying ROI of a City marketing partnership.

City programs, services and foundations support City goals of education and outreach to the community but allow a corporate sponsor to affiliate with these worthy efforts and receive positive feedback through the association as well potentially add more value to these program through providing additional materials, exposure or premium giveaways.

## **THIRD-PARTY COLLABORATIONS**

The CPP will explore programs with third party organizations such as City Foundations and ConVis to leverage their assets. Assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset.

The CPP is meeting with City department Foundations to see if there are joint opportunities to provide added value to City corporate partners through consumer targeted programs. Initial conversations have started with ConVis.

## **REQUEST FOR INFORMATION STATUS**

At the request of Budget & Finance Committee on July 14, 2010, the following actions took place.

- RFI was issued to solicit innovative ideas for marketing opportunities and submissions received March 2011.
  - CPP contacted and offered meetings to all five responders. Met with 4 out of 5.
  - Summary of RFI process (Appendix II).

## **NEGOTIATIONS OR RFS's IN PROGRESS**

### **Current Activity and Status**

- a. Vehicles
- b. Wireless
- c. Vending
- d. Strategic Marketing and Advertising Plan
  - i. Beach Pilot RFS

**Vehicles Partnership**

Currently in negotiation. If terms can be agreed upon, the goal is to present to Council for approval prior to August recess.

**Wireless Category**

The RFS issued was issued May 24, 2011 and meetings have been conducted in June with interested parties. Proposals are being submitted end of June, 2011 with follow-up meetings expected to occur with top contender this summer. The goal is to finalize negotiations and present to City Council by CY 4<sup>th</sup> Quarter, 2011.

**Vending**

The current sponsorship with Pepsi expires November, 2011. The RFS was issued in June 2011. Statements of Interest are due in July 2011 with meetings to occur with interested parties this summer. Proposals are due end of CY 3<sup>rd</sup> Quarter 2011 with follow up meetings expected to occur with top contender in September. The goal is to finalize negotiation and present to City Council by CY 4<sup>th</sup> Quarter, 2011.

**Strategic Marketing and Advertising Plan (SMAP)****Beach Pilot Program**

An RFS was issued June 24, 2011 to solicit corporate or association interest in this opportunity. The opportunity follows the current sign ordinance and therefore is similar to public service broadcast models versus traditional advertising. The sponsor will have an opportunity to underwrite or be affiliated with a public service message or safety regulations with a logo ID and can include description of product, service or activities offered by sponsor. The sponsor identification cannot exceed 15% of the total sign copy area.

Meetings will be held with interested parties to develop proposals this summer. Meetings expected to occur with interested parties CY 3<sup>rd</sup> and 4<sup>th</sup> Quarter, 2011. Proposals will be due CY 4<sup>th</sup> Quarter 2011 with follow up meetings expected to occur with top contender in CY 1<sup>st</sup> Quarter, 2011. The goal is to finalize terms and present to City Council in CY 2<sup>nd</sup> Quarter, 2012.

**UPCOMING RFP's and RFS**

- Credit Unions (RFS target issue date: July 2011)
- Gasoline (RFP target issue date: July 2011)
- Marketing Consultant (RFP target issue date: Fall 2011)

### Natasha L. Collura

Natasha Collura's first day as the City of San Diego's Director of Strategic Partnerships was March 21, 2011. Natasha has over 18 years of experience in the private sector in marketing with a specialized focus on corporate sponsorships. The majority of this experience was with the Zoological Society of San Diego and with Busch Entertainment Corporation (SeaWorld/Busch Gardens theme parks).

Natasha is credited with developing the successful partnership program that exists at the San Diego Zoo and San Diego Wild Animal Park today. She has a strong grasp of what sponsors are looking for in a partnership and also how to tap into similar assets in the City that could add value to our programs. Some of her accomplishments include the following:

- Restructured the partnership marketing program at the Zoo including an external audit of assets resulting in immediate revenue increases in Year 1 which allowed the program to grow from a low annual six figure amount to over seven million dollars annually combined in revenue and promotional in-kind value over a twelve year period.
- Personally secured the largest one-time dual corporate/foundation gift at the time for the Zoo totaling almost five million dollars in support over five years for the Giant Panda program.
- Launched third party advertising sales program through internal publication.

In addition to developing the partnership program at the Zoo and Wild Animal Park to what it is today, she was also responsible at different times for advertising and sales functions so has a good grasp on what all the various marketing disciplines entail and how they can be leveraged to increase ROI of partnership. Before the Zoo, her prior experience was with the SeaWorld and Busch Gardens theme parks involved similar programs in the area of national sponsorships and promotions.

Complimenting her extensive work experience, Natasha has a wide-reaching business network through her professional development activities. She has:

Served on numerous sales and marketing committees

- International Association of Amusement Parks and Attractions (IAAPA), American Zoo and Aquarium Association (AZA), San Diego Convention and Visitor's Bureau (ConVis)

Presented at several national conferences

- Strategic Research Institute (SRI), International Events Group (IEG), International Association of Amusement Parks and Attractions (IAAPA), American Zoo and Aquarium Association (AZA)

Appointed to a national board

- Promotion Marketing Association (PMA) - the only non-profit on board with Fortune 100 companies such as McDonald's, Proctor & Gamble, Visa and more.
- Co-chaired the National PMA Update Conference in Orlando in 2006

Natasha looks forward to bringing her private sector experience to the public sector through enhancing proposals with marketing benefits which addresses corporate need for ROI in a competitive sponsorship environment.

**Request for Information for Marketing Ideas**

The City of San Diego, through its Corporate Partnership Program, issued a Request for Information (RFI) to individuals, organizations, companies and potential corporate partners to solicit ideas, concepts and proposals that would generate revenue for the City through strategic marketing and community partnerships.

Council offices were solicited to offer any possible individuals, companies and potential corporate partners to target and the RFI language was reviewed by Councilmember DeMaio's office and the City Attorney's Office.

The RFI closed on March 17, 2011 and each company that submitted a response was contacted by Natasha Collura, Director of Strategic Partnerships and invited to meet regarding their submission. Four out of five requested meetings.

<b>CATEGORY</b>	<b>RESPONSIVE</b>	<b>OPPORTUNITY</b>
Telecom	Yes	Company currently participating in wireless RFS
Local Media	Yes	Package and resell assets to third party advertisers. Limited to no revenue opportunity.
Outdoor Advertising	Yes	Interested in changing Sign Ordinance
Digital Agency	No	Interesting in advertising program
Airline	Yes	Tourism in-kind marketing opportunity – shared with ConVis